

# INDUSTRY UPDATE

Biweekly Period Ending April 22, 2000

## **Phoenix Metro Area**

### **Manufacturing**

The city of Chandler, already home to chip-makers Intel, Motorola, and Microchip, will soon have another chip manufacturer.

**AmaTech USA Inc.**, a subsidiary of AmaTech AG of Germany, will **open a 12,000-square-foot operation** at the Frye Road Industrial Park to build memory chips for credit, debit, and smart cards. The \$5 million facility is expected to **employ about 40 workers** by the **end of 2000** with an average salary of \$37,000.

### **Construction**

**Alter Group of Chicago** will start work in May on the first phase of a 1.4 million-square-foot office complex called **The Corridors at Interstate 17 and Pinnacle Peak Road**.

The opening of the Anthem residential community and the planned USAA insurance campus, both several miles to the north, prompted the building of the speculative office space. This project will extend the northern boundary of the metro Phoenix business corridor, which currently ends near the junction of I-17 and Deer Valley Road/Loop 101.

### **Finance, Insurance, and Real Estate**

**Paymentech**, a credit-card processing subsidiary of Banc One Corp. and First Data Corp., will open a **customer-service center in Tempe** employing about **50 workers**.

Average starting salary for call-center employees will be around \$22,000, with higher pay for a number of supervisors and managers. Hiring will occur over the next several months. The center will handle questions from small businesses, retailers, and hotels concerning devices used for processing transactions and merchant statements.

### **Trade**

If the Phoenix metro area isn't the shopping capital of the world, it should be. **About 30 shopping centers opened in the Valley in 1999**, and **six centers are currently under construction** with more to come in 2000, according to Rein & Grossoehme Commercial Real Estate. In fact, Rein & Grossoehme predicts that 48 shopping centers encompassing 10 million square feet of space are in the planning stages. Among the **metro-area's biggest shopping projects in 2000** will be **Chandler Fashion Center**. The developer, **Westcor Shopping Centers** of Phoenix, will **begin construction in late April** with an expected completion date of October 2001. The **1.3 million-square-foot shopping center** on the southwest corner of Chandler Boulevard and Loop 101 will **include anchor tenants Nordstrom, Robinsons-May, and Dillard's**. On opposite corners from the mall will be two "power centers" — **Chandler Festival and Chandler Gateway** — which will feature numerous "big box" retailers. And on 20 acres between Chandler Boulevard and the mall will be built **The Boulevard Shops**, which will feature 40 boutique-style stores and restaurants. Chandler Festival will open this fall, while the other two projects will open next year.

Layoffs are a foregone conclusion for Tempe-based **MicroAge Inc.**, which **filed for chapter 11 bankruptcy protection** in mid-April. About 2,600 of the computer distributor's 4,600 employees work in Arizona. MicroAge, which lost \$48 million in the first quarter of 2000, reported a loss for the sixth time in nine quarters. The company has been hurt by a trend by manufacturers to sell directly over the Internet, instead of selling

through wholesalers. Part of its restructuring plan includes shifting to an Internet-based business called Eleris. **Most of MicroAge's 35 Technology Services branches**, which employ 2,000 people, **will close** between May 1 and July 1.

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## **Tucson Metro Area**

### ***Manufacturing***

The **Pascua Yaqui Indian Tribe** announced a **joint venture** with **Advanced Ceramics Research, Inc.** in which the tribe will be majority owner of a **high-tech manufacturing plant**. About **25 employees** will be hired **initially**, with a **potential for 250 workers** in the future. The business will operate out of facilities near the Tucson International Airport until the plant is completed. Advanced Ceramics Research Inc. was founded in 1989 to develop and commercialize advanced ceramic composite materials for aerospace and defense applications. In 1998, ACR was the only structural materials company to be included on the *Inc. 500* list of fastest-growing privately-held companies.

### ***Trade***

According to *Inside Tucson Business*, about **20 new major retail stores** are planned for the **Tucson metro area this year**. Projects in the works include **three Home Depot stores**, of which one is replacing an existing store; **three Albertson's supermarkets**; one **Basha's** and one **Food City** grocery store, both owned by Basha's; **four new locations** for both **Walgreen's** and **Osco Drugs**; and **Best Buy** and **Costco** department stores.

### ***Services***

*A Tale of Two Hospitals.* While **Kino Community Hospital** is running \$1 million in red ink a month and having to **lay off workers**, **Northwest Medical Center** is **flourishing** and is not be able to keep up with demand for rooms and services. In late March, the **Pima County Board of Supervi-**

**sors** voted to **eliminate Kino's birthing unit**, which serves mainly low-income patients. In addition, the board approved **eliminating the hospital's nonmedical staff** and will contract with outside companies to provide groundskeeping, cafeteria, and housekeeping services. To make matters worse, **all seven of its anesthesiologists** recently announced plans to **resign**. Kino's financial problems stem from the fact that 30 percent of its patients are uninsured, which contributed to a \$46 million deficit at the end of January. At the same time, **Northwest Medical Center**, which opened in 1983 despite cries it wasn't needed, is **expected** to continue to have a **shortage of beds** even though it will open several new facilities over the next few months. This fall, Northwest will **open** a new **51,000-square-foot clinic** and **urgent care center**, while a **\$28 million expansion** of the medical center is **close to completion**. But because of expected demand, the hospital is already **starting a second expansion**, at a cost of \$31 million, that won't be completed for two years. In addition, a **Women's Center** will **open in May**, offering 30 beds for labor and delivery and breast services.

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